

Chairman, Advisory Committee on Export Policy

24 April 1952

CIA Member

Reproduction and distribution of CIA Memorandum, "Riv Ballbearing Plant" dated 19 April 1952.

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Chairman, Advisory Committee on Export Policy

19 April 1952

CIA Member

RIV Ballbearing Plant

Several points brought up at the ACEP meeting No. 17 on 7 April 1952 require clarification.

1. Any impression created that the Soviet bloc is not interested in medium size bearings but is primarily interested in large bearings is not a true picture of the situation. A more valid generalization would be that the bloc is interested in precision bearings regardless of size.

A report giving information of 2 June 1951 has details on an order from Poland which was to be filled by RIV. It is believed from other information that this order is fairly typical of the orders received by RIV from the Soviet bloc. The report gives a breakdown of the order by size of bearing and by the urgency of need.<sup>1</sup> In cases when the bearing specifications were SKF or RIV numbers, and hence could be readily identified (two-thirds of the total) the following points emerge:

(a) The proportion of medium sized bearings which were designated "very urgent" is greater than the proportion of large bearings which were also marked "very urgent."<sup>1</sup>

(b) The quantity of medium sized bearings ordered from RIV is greater than the quantity of large bearings.<sup>1</sup>

2. Some confusion may still exist as to the proportion of RIV's exports which go to the East. Rome to State desp. #1790 (secret) contains the following, "Their statistics indicate a complete reversal of their trade pattern which was in a ratio of 75 to 25 in favor of the East in 1949 versus 79 to 21 in favor of the West for 1951."

It is also stated in ACEP Doc. No. 80 that, "According to figures furnished by RIV to Lt. Col. Brown, 21 percent of RIV's exports in 1951 were shipped to Eastern Europe and 79 percent to the West, as compared with 75 percent to Eastern Europe and 25 percent to the West in 1949."

Analysis of the data indicates that the 21 percent mentioned above refers to the percentage of RIV's output, not to RIV's exports. Twenty-one percent of RIV's total output going eastward is considerably different from 21 percent of RIV's exports going eastward.

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1 An analysis of the order is presented in Appendix A.

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This analysis is based on the following information:

(a) Statement by Mr. Bertolone of 19 October 1951 that the 1951 monthly average of exports to Eastern countries was 186,000 units (7 B's) and to Western countries was 134,000 units (7 B's). This shows 36 percent of monthly average exports in 1951 went to the East--not 21 percent. Source: Rome to State deap. #1423, 13 Dec. 1951, enclosure 7, p. 1 (secret)

(b) Statement in Rome ICA deap. #171 Aug. 10, 1951 (secret) Appendix A, p. 2 as follows: "On the basis of the export licenses and the unpublished Czech agreement, RIV's exports of ball and roller bearings to Eastern Europe may well total between 13 and 14 million per year or approximately 25 percent of her total business."

(c) Statement in report of European Ball Bearing Survey Group, 20 June 1951 (secret) which states, "It is estimated that approximately 50% or more of RIV's production is exported and a high percentage of that is reported to go eastward."

(d) It is estimated<sup>2</sup> that the following percentages of RIV's exports went to the bloc in 1951:

	<u>Minimum estimate</u>	<u>Best estimate</u>
Percent of total RIV production exported to the bloc	18%	30%
Percent of total RIV exports sent to the bloc	36%	51%

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2 Methods and sources are presented in Appendix B.

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**SECURITY INFORMATION**  
**APPENDIX A**

The order from Poland to be filled by RIV contained a breakdown of the bearings ordered by size and by degree of urgency. Two-thirds of the bearings were identified by SKV or RIV numbers and could be readily classified as to size. The remaining one-third of the order was not identified and is not included.

Table I

Analysis of an Order from Poland to be Filled by RIV

Size	Total No. of Units Identified	"Very Urgent"	"Urgent"	"Normal Delivery Delay"
0-15 mm	210	210	0	0
16-59 mm	19,477	15,819	2,308	1,350
60 mm and over	13,781	9,181	1,466	3,137
Total	33,471	25,210	3,774	4,487

Table II

Percentage of Each Size Urgently Needed

Size	Total No. of Units Identified	"Very Urgent"	"Urgent"	"Normal Delivery Delay"
0-15 mm	100%	101%	0%	0%
16-59 mm	100%	81%	12%	7%
60 mm and over	100%	67%	10%	23%

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**APPENDIX B**

It is estimated that the following percentages of RIV's exports went to the bloc in 1951.

Percentage of total RIV production to the East 18% 20%

Percentage of total RIV exports to the East 36% 11%

These percentages were computed by the following methodology:

1. Italy's exports to the bloc in 1951:

<u>Sources</u>	<u>8 Month period</u>	<u>7 Month period</u>	<u>Annual Rate</u>
State desp. #1123	980 M.T.		1170
State desp. #1272 (inc. China)		917 M.T.	<u>1572</u>
Yearly average			1520 M.T.

By taking the average of the annual rate of exports, it was estimated that approximately 1520 M.T. of bearings were exported eastward in 1951.

2. From Rome ECA desp. #172 10 Aug. 1951, Appendix A (pp 1, 2 and 3) it can be calculated that RIV obtained 76% of total export licenses to Eastern Europe and other companies obtained 24% of the export licenses to Eastern Europe for the first five months of 1951. It can be justly assumed that RIV for the full year 1951 would not obtain less than 70% of the export licenses granted from Italy to Eastern Europe. Particularly is this true since a private commitment to Czechoslovakia is not included as a part of RIV's 1951 exports although it was known that RIV had such an agreement in the last 6 months of 1950 with Czechoslovakia (Rome to State desp. #1272, 27 Nov. 1951, p. 11)

3. With total Italian exports to the East estimated as 1520 M.T. (item 1), RIV's exports to the East would be (70% x 1520 M.T.) or 1064 M.T.

4. From Rome ECA despatch #171, it was noted that RIV produced 90% of Italy's total bearing production. (CIA estimates believe this to be high and that it is closer to 80%).

5. From NATO Secretariat memorandum #230, 23 Nov. 1951, Italy's total production for 1951 was given as 6500 M.T.

6. RIV's annual production, using the 90 percent figure noted in item 4, would be (90% by 6500) 5850 M.T.

7. The following percentages are based on the above figures:

RIV's total production - 5,850 M.T.

RIV's export to the East - 1,064 M.T.

Percentage (RIV's Eastern exports to RIV's total production - 18.2%)

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8. In the Report of European Ball Bearing Survey, RIV is reported to export approximately 50% or more of its total production:

RIV's total production - 5,350 M.T.  
RIV's total exports - 2,925 M.T.  
RIV's exports to East - 1,064 M.T.  
Percentage (RIV's Eastern  
exports to RIV's total  
exports - 36.4%

9. Based on CIA's estimate that RIV has approximately 80% of total Italian production, it follows that RIV's percentage would be as follows:

RIV (RIV Eastern exports to RIV total production) =  $\frac{1064}{5200}$  = 20.5%  
RIV (RIV Eastern exports to RIV total exports) =  $\frac{1064}{2600}$  = 40.9%

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